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December 2, 1997

TO:

Minerals File

FROM:

D. Wayne Hedberg, Permit Supervisor

RE:

Site Inspection, All Gypsum Corporation, Dry Creek Mine, S/021/026, Iron County,

<u>Utah</u>

Date of Inspection:

December 3, 1997

Time of Inspection:

8:30 a.m. - 10:00 a.m.

Conditions:

Sunny, clear, very cold

Participants:

York Jones, Property Owner; Wayne Hedberg, DOGM

Purpose of Inspection:

To inspect status of proposed operation and onsite conditions of historic

mining activities within the project area.

I picked up the property owner, Mr. York Jones at his home and then proceeded to the project area. The mine site is located approximately two (2) miles up Cedar Canyon (state highway SR-14) from the intersection with main street in downtown Cedar City. The project site is located approximately 1/10th of a mile above Rusty's Ranch House Restaurant. If you cross over the bridge which bypasses the drainage channel of Salt Creek under SR-14, you've gone too far. A significant ridge of gypsum outcrops on the north side of SR-14 is bordered on the west by Dry Canyon and on the east by Salt Creek Canyon. Portions of this gypsum outcrop will be mined by the operator, Mr. Jim Fain of All Gypsum Corporation.

The proposal is to initially mine a five acre parcel and then proceed to expand operations while contemporaneously reclaiming mined out portions of the disturbed area. The long term plans of Mr. Jones are to completely level the gypsum outcrop on his property to ground level and eventually create a small subdivision within this area. Presently, he is going through the process of getting the site rezoned to allow the mining to occur and already has some draft plans prepared for the eventual housing subdivision, should it come to pass.

According to Mr. Jones, historic mining has occurred on this deposit as late as the 1920's and more recently in the 1960's. He and the operator, Mr. Jim Fain of All Gypsum Corp., want to reactivate the site starting in the areas previously mined. Mr. Jones indicated that the market for the gypsum would principally be for agriculture purposes and possibly some wallboard and/or other uses which he wasn't sure of at this particular time. Mr. Fain is working on the marketing end of the project presently.

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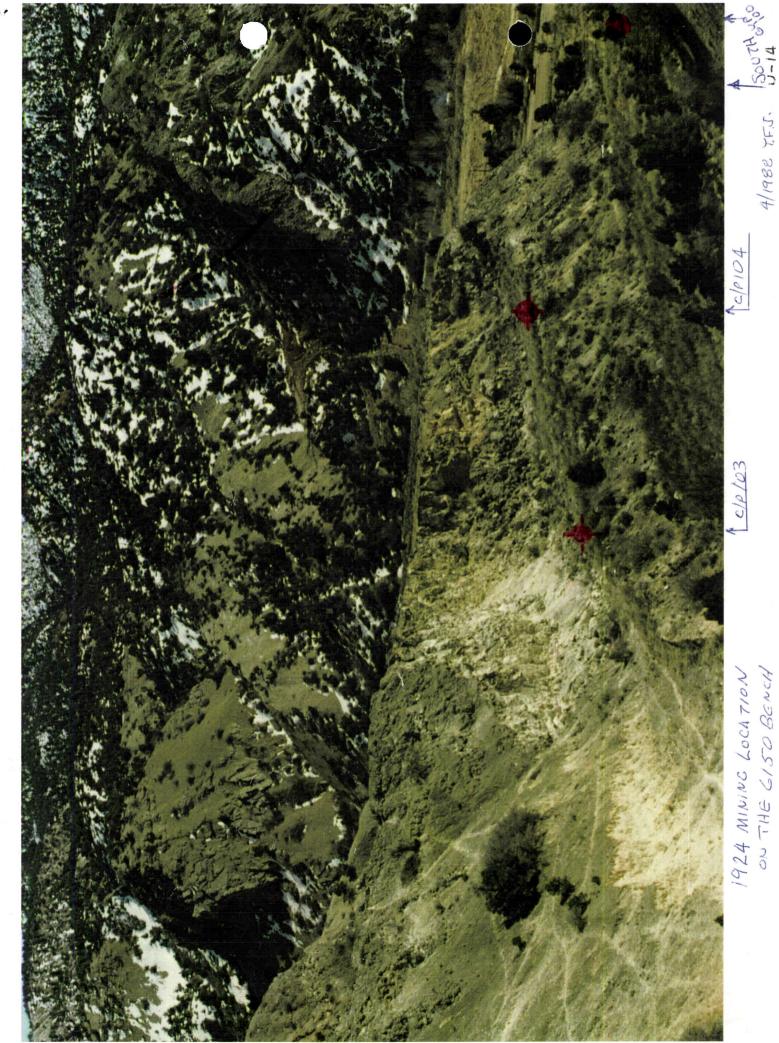
This project is located on private property and approximately 80 acres are held by Mr. Jones. Salt Creek which borders the property to the east has a much larger drainage channel and drainage area (several square miles) than Dry Creek which is a small box canyon immediately west of the project area. Salt Creek appears to be ephemeral, but the channel is bypassed under SR-14 by a bridge. I recommended to Mr. Jones that operations be conducted in a careful and prudent manner to minimize impacting the Salt Creek channel by blasting or dozing of overburden and gypsum material into Salt Creek. Any such inadvertent spillage into the channel should be removed as soon as possible to keep the channel clear of debris. There is an access road, which presently courses up Salt Creek Canyon along side of (and within) the stream channel. According to Mr. Jones this road travels at least two to three miles to the north up the canyon.

There is no activity presently undertaken at the site. Mr. Jones stated that some minor surface sampling has taken place to date. Mr. Fain hopes to begin some additional exploration and/or bulk sampling work on the site to determine/confirm the quality and quantity of the gypsum reserves. Mr. York is presently involved in acquiring all the proper permits, clearances and zoning changes required to begin mining operations as soon as practicable.

We walked the project area and I took numerous photos to document existing conditions. As stated earlier, Mr. Jones hopes to contemporaneously reclaim the site as it is developed in order to maintain his small mine status. We discussed some of the other permits that might be required for this site, particularly those from the Department of Environmental Quality (Division of Air Quality, Division of Water Quality) and also possibly from the Division of Water Rights, should water be needed for operations. Mr. Jones indicated that Mr. Fain had talked with personnel from the Division of Water Quality and that they had verbally given clearance to proceed. Mr. Jones is going to seek written confirmation from that Division.

I informed Mr. Jones that as far as we were concerned, the application has been determined complete and that they had the Division of Oil, Gas and Mining's clearance to proceed as long as he had any other required permits and/or clearances in order.

jb cc: York Jones, Owner Jim Fain, All Gypsum Corp. S021026.ins



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